

# PROPERTY ASSESSMENT ADMINISTRATION

and

# PROPERTY TAX CYCLE

PRESENTED BY:

MARIA L. IRISH, CMAE IV  
ASSESSOR, CITY OF LANSING

and

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TREASURER, CITY OF LANSING

# PROPERTY ASSESSMENT AMINISTRATION

A faint, stylized image of a balance scale is visible in the background, positioned on the right side of the slide. The scale has a vertical pillar and two pans hanging from a horizontal beam. The image is rendered in a lighter shade of blue than the background.

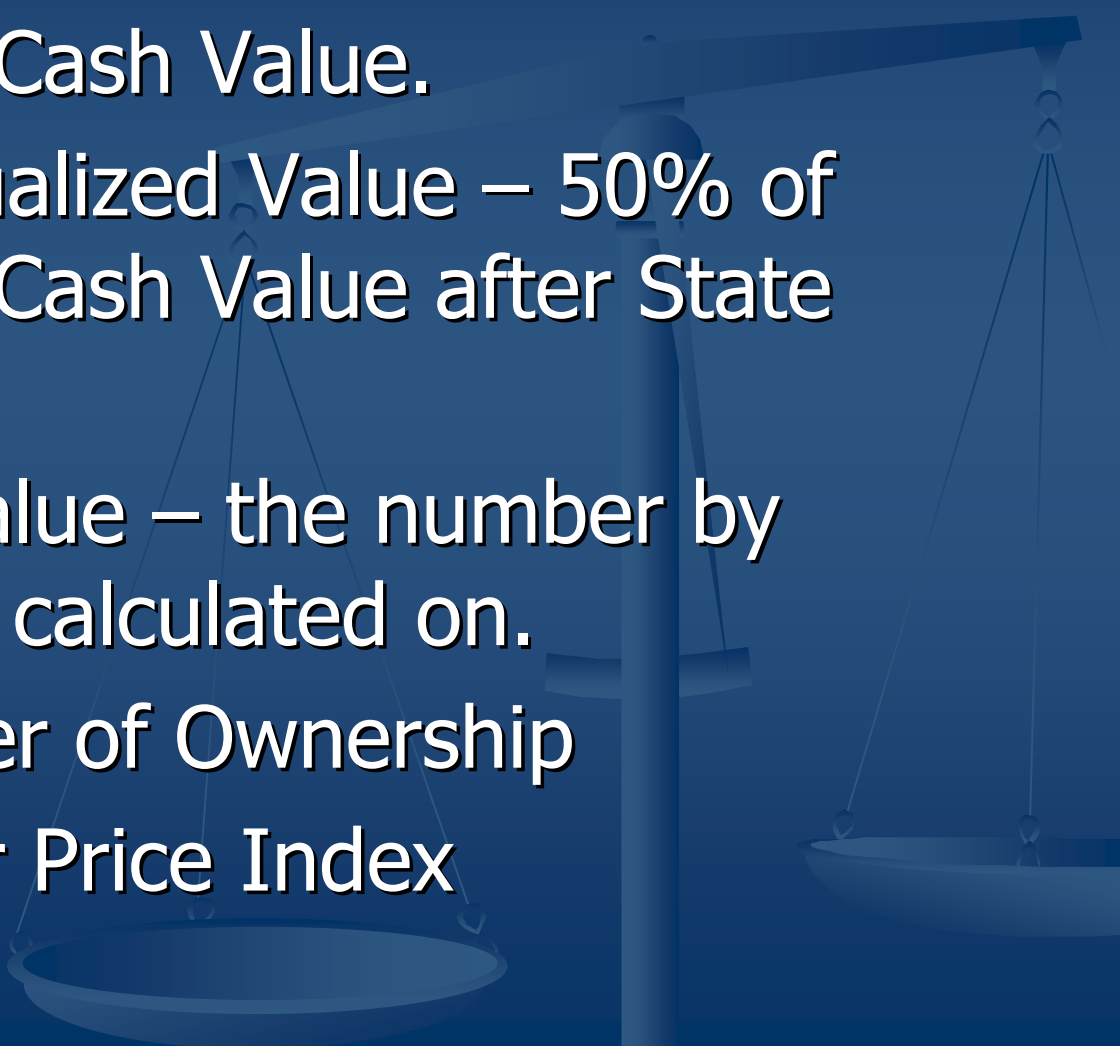
Presented By:

Maria L. Irish CMAE IV  
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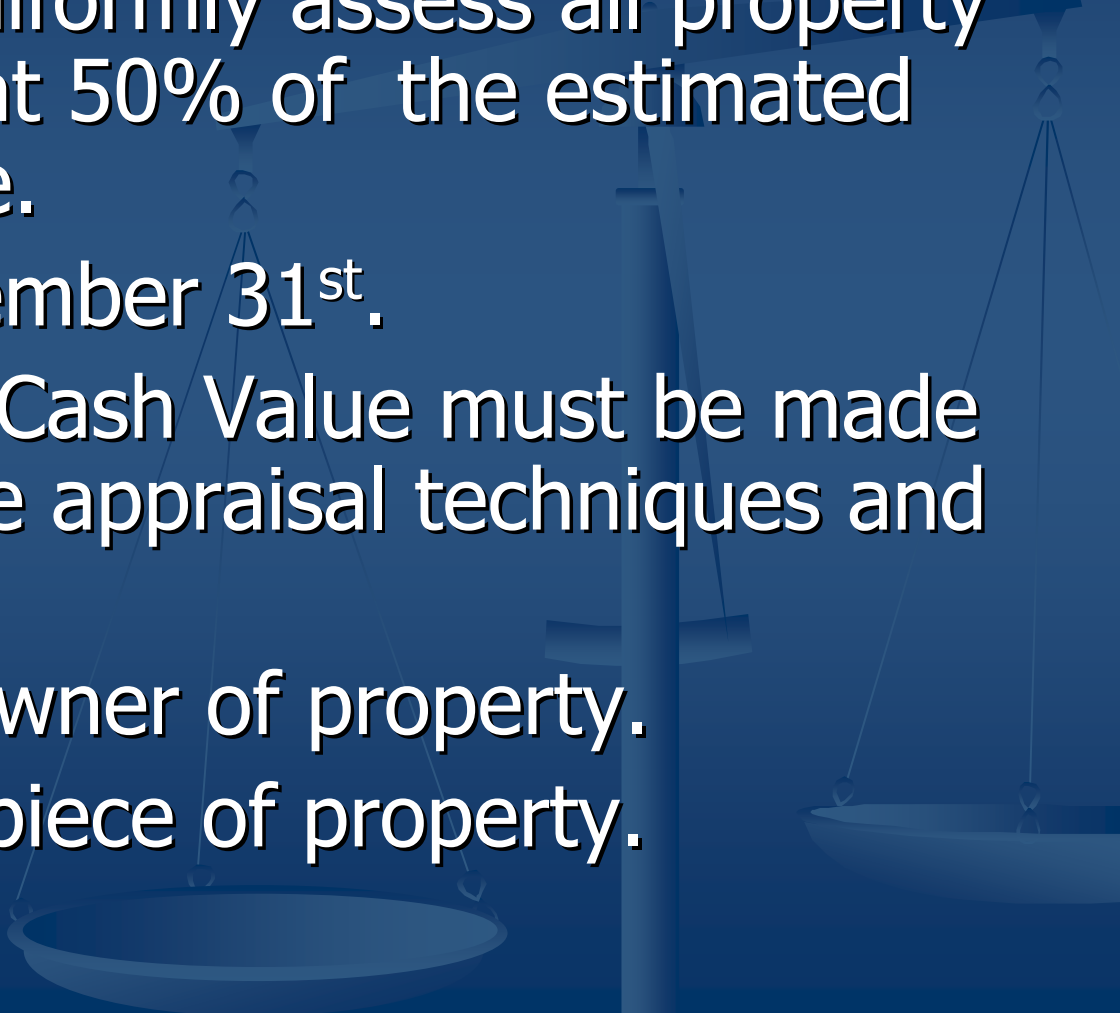
# Glossary of Terms

- TCV – True Cash Value – in part “means the usual selling price at the place where the property to which the term is applied is at the time of assessment, being the price that could be obtained for the property at private sale, and not at auction sale except as otherwise provided in this section, or at forced sale.” MCL 211.27(1)

# Glossary of Terms cont.

- AV – Assessed Value – 50% of the estimated True Cash Value.
  - SEV – State Equalized Value – 50% of estimated True Cash Value after State Equalization
  - TV – Taxable Value – the number by which taxes are calculated on.
  - T of O – Transfer of Ownership
  - CPI – Consumer Price Index
- 

# Assessor's Function

- Annually and uniformly assess all property within the City at 50% of the estimated True Cash Value.
  - Tax Day is December 31<sup>st</sup>.
  - Estimated True Cash Value must be made using acceptable appraisal techniques and manuals.
  - Identify every owner of property.
  - Describe every piece of property.
- 

# Proposal A

- Voted in by the people in 1994.
- Limited tax increases by 'capping' the taxable value to the CPI or 5% whichever is less and can not be greater than the SEV.
- Taxable Value = previous years TV – losses x CPI + additions.
- Created the PRE or Principal Residence Exemption from 18 mills of School Op Tax.

# Proposal A cont.

- CPI – How is it calculated?
- CPI -The Calculation of the Inflation Rate Multiplier is set in statute. MCL 211.34d states:
- (l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

# Proposal A cont.

- (f) "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States department of labor, bureau of labor statistics.



## Proposal A cont.

- Based on this statutory requirement, the calculation for 2009 is as follows:
- 1. The 12 monthly values for October 2006 through September 2007 are averaged.
- 2. The 12 monthly values for October 2007 through September 2008 are averaged.
- 3. The ratio is calculated by dividing the average of column 2 by the average of column 1.

# Proposal A cont.

- **The specific numbers from the US Department of Labor, Bureau of Labor Statistics are as follows:**

■ Oct-06 201.800	Oct-07 208.936
■ Nov-06 201.500	Nov-07 210.177
■ Dec-06 201.800	Dec-07 210.036
■ Jan-07 202.416	Jan-08 211.080
■ Feb-07 203.499	Feb-08 211.693
■ Mar-07 205.352	Mar-08 213.528
■ Apr-07 206.686	Apr-08 214.823
■ May-07 207.949	May-08 216.632
■ Jun-07 208.352	Jun-08 218.815
■ Jul-07 208.299	Jul-08 219.964
■ Aug-07 207.917	Aug-08 219.086
■ Sep-07 208.490	Sep-08 218.783
<b>Average 205.338</b>	<b>214.463</b>
	<b>Ratio 1.044</b>
	<b>% Change 4.4%</b>

(reprinted from STC Bulletin #6 of 2008)

# Proposal A cont.

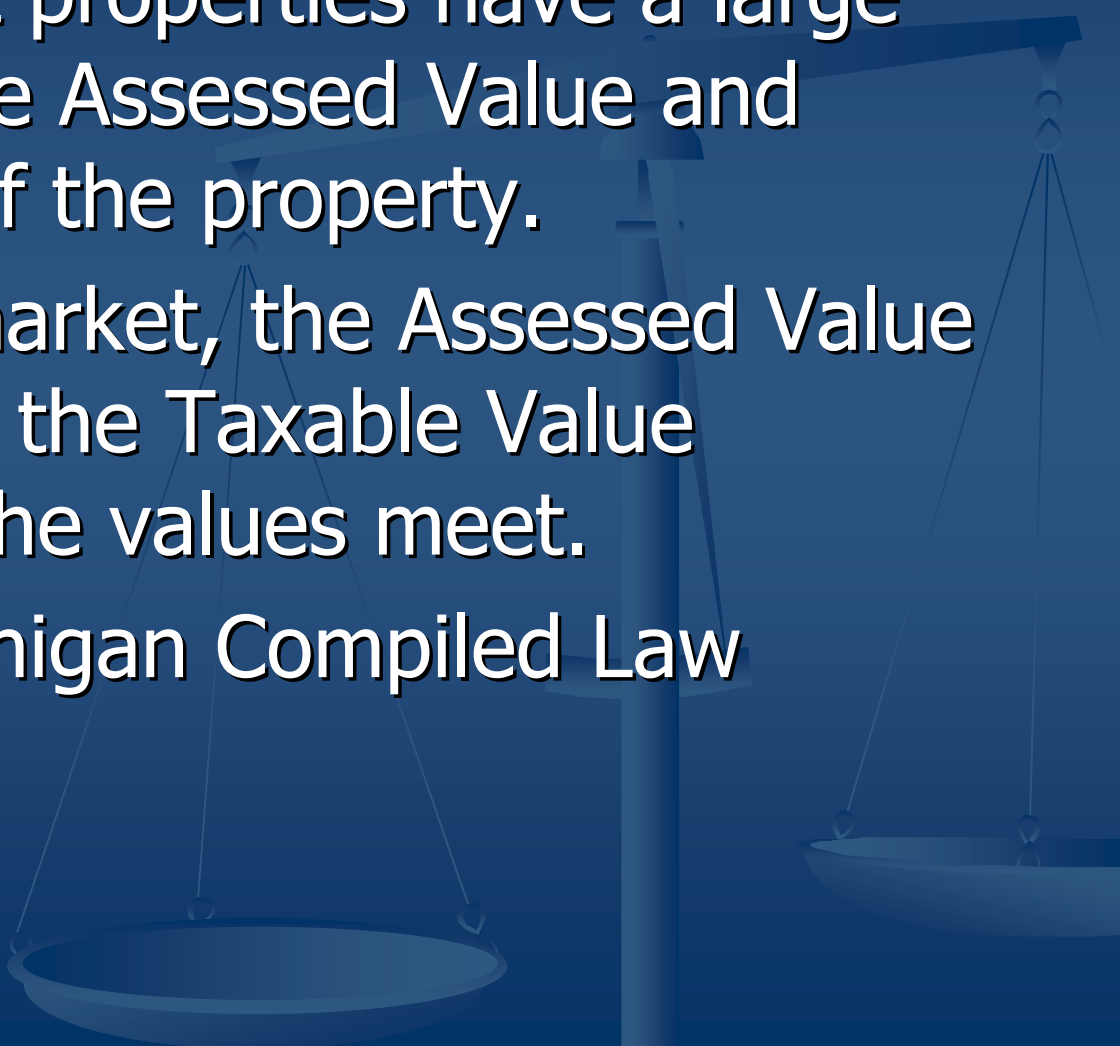
- Historical CPI

1995	1.026%	2002	1.032%
1996	1.028%	2003	1.015%
1997	1.028%	2004	1.023%
1998	1.027%	2005	1.023%
1999	1.016%	2006	1.033%
2000	1.019%	2007	1.037%
2001	1.032%	2008	1.023%
		2009	1.044%

# Effect of Proposal A

- In times of increasing property value, Proposal A limited the increases in taxable value to the CPI.
- Property values since 1994 have been increasing each year at a rate higher than the CPI.
- Remember – Assessed values are to be 50% of the estimated True Cash Value of a property and is not limited to any 'cap'.

# Effect of Proposal A cont.

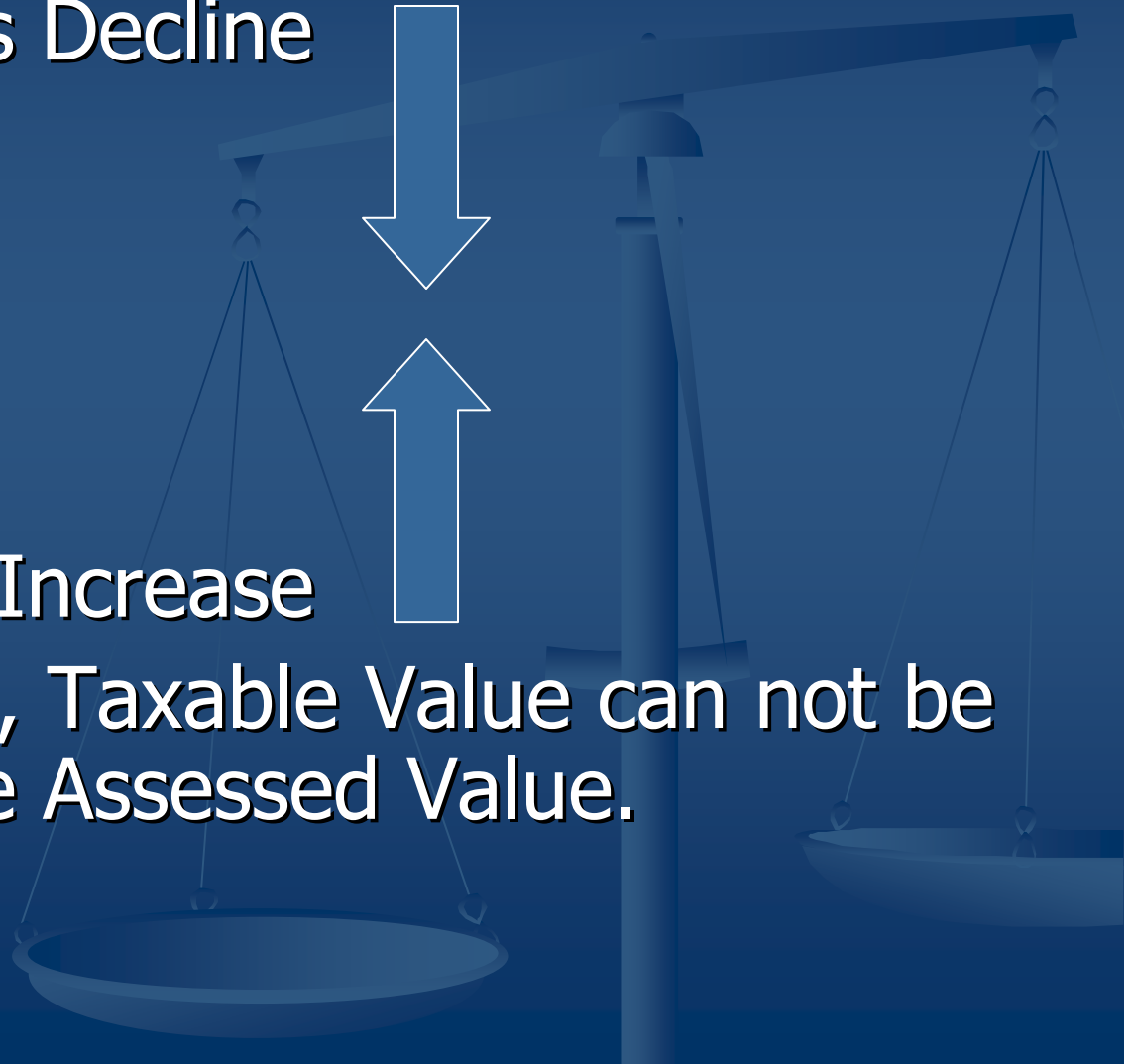
- Therefore, most properties have a large gap between the Assessed Value and Taxable Value of the property.
  - In a declining market, the Assessed Value decreases while the Taxable Value increases until the values meet.
  - Pursuant to Michigan Compiled Law 211.27a (2):
- 
- A faint, stylized illustration of a balance scale is visible in the background of the slide. The scale is positioned on the right side, with its pans hanging from a central beam. The left pan is slightly lower than the right pan, suggesting it is heavier. The entire image has a dark blue background with a subtle gradient.

# Effect of Proposal A cont.

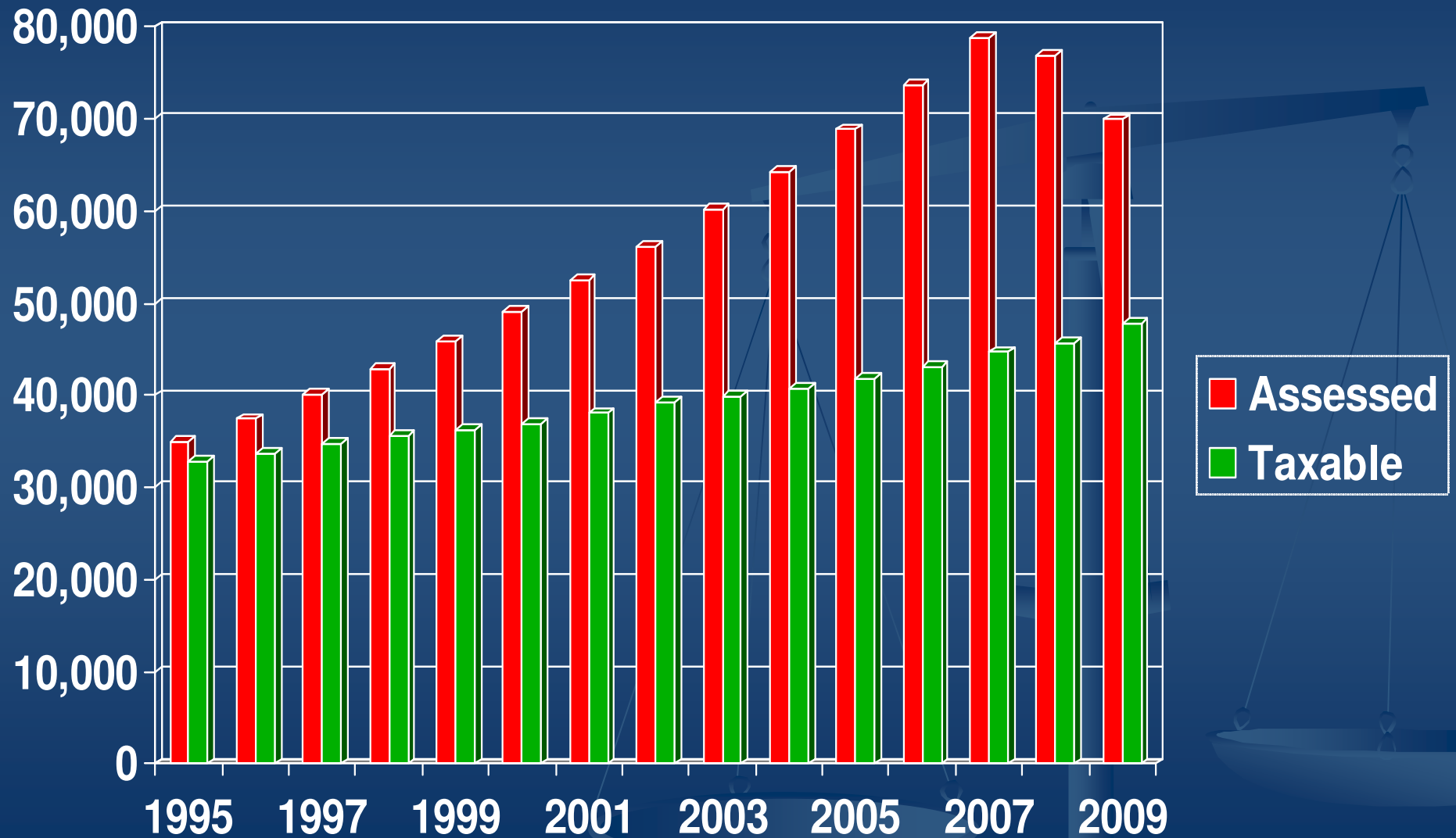
- (2) Except as otherwise provided in subsection (3), for taxes levied in 1995 and for each year after 1995, the taxable value of each parcel of property is the lesser of the following:
  - (a) The property's taxable value in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions.
  - (b) The property's current state equalized valuation.

# Effect of Proposal A cont.

- Assessed Values Decline
- Taxable Values Increase
- Until they equal, Taxable Value can not be greater than the Assessed Value.



# Assessment vs. Taxable

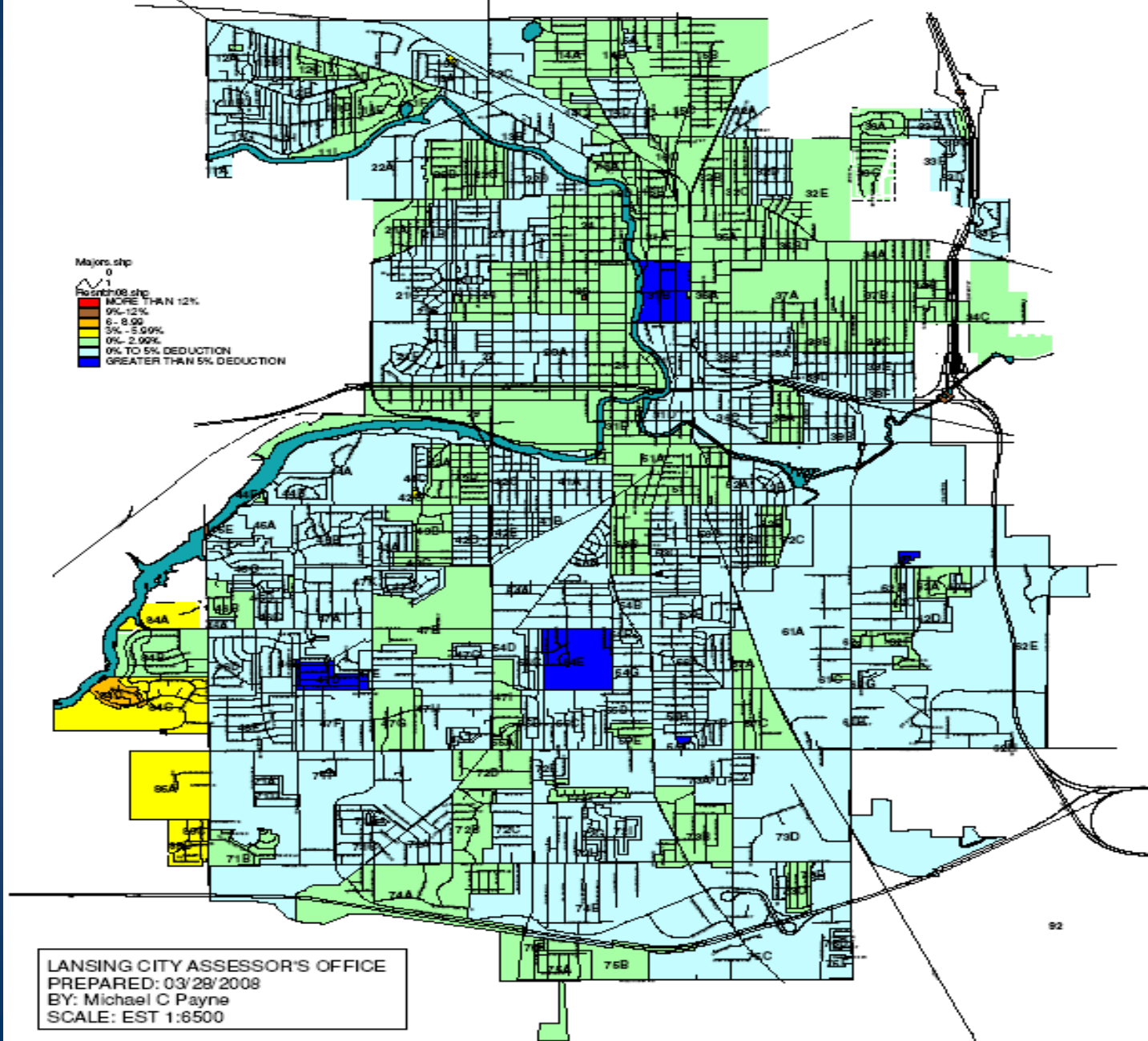




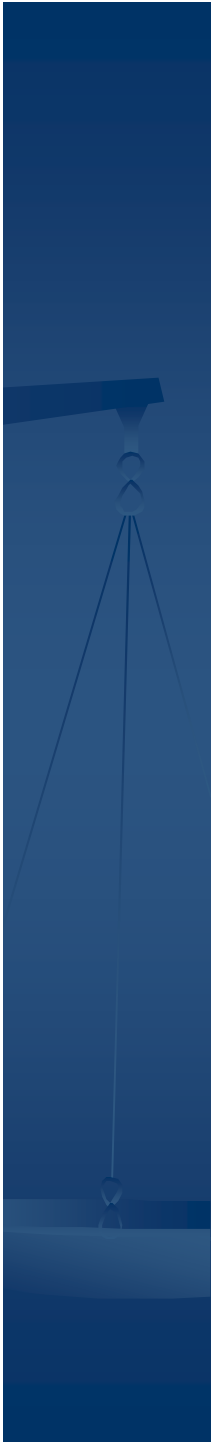
# Effect of Proposal A cont.

- Taxable Value Changes more than CPI:
  - When there has been a Transfer of Ownership. Taxable Value becomes 'uncapped' and equal to the Assessed Value the year after the transfer.
  - New construction on the property.

# 2008 RESIDENTIAL PERCENT CHANGE



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# Assessment 'Issues'

- Following Sales – STC Bulletin 19 of 1997
  - 'Following sales' is described in STC Assessor's Manual as the practice of ignoring the assessments of properties which have not recently sold while making significant changes to the assessments of parcels which have recently sold.
  - MCL 211.27(5) states in part:

# Assessment 'Issues' cont.

- "In determining the true cash value of transferred property, an assessing officer shall assess that property using the same valuation method used to value all other property of that same classification in the assessing jurisdiction."
- Therefore, half the sale price is **NOT** the new assessed value of a property.

# Assessment 'Issues' cont.

- Foreclosure sales and sales studies
  - STC Bulletin 6 of 2007 Foreclosure Guidelines.
  - If the sale is to be used, it must be verified to ensure that it is an arms-length sale.
  - The presence of foreclosed properties in NHB has the economic effect of lowering the price paid for properties which are arms-length transactions.

# Appeal Process

- March Board of Review hears appeals on:
  - True Cash Value
  - Assessed Value
  - Taxable Value (additions or losses)
  - Classification of Property
  - 'Uncapping' of Taxable Value for 2009
  - Poverty Exemptions

Note: Valuation issues can only be heard at March Board of Review.



# Appeal Process cont.

- Appeals to the March Board of Review can be made in person, by appointment or by letter. If by letter, must be received in assessor's office by March 13<sup>th</sup>.
- Commercial, Industrial and timely filed personal property accounts do not need to appear before the March Board of Review, they can appeal directly to the Tribunal by May 31<sup>st</sup>.
- All residential properties must appear before the Board of Review before they can appeal to the Tribunal.



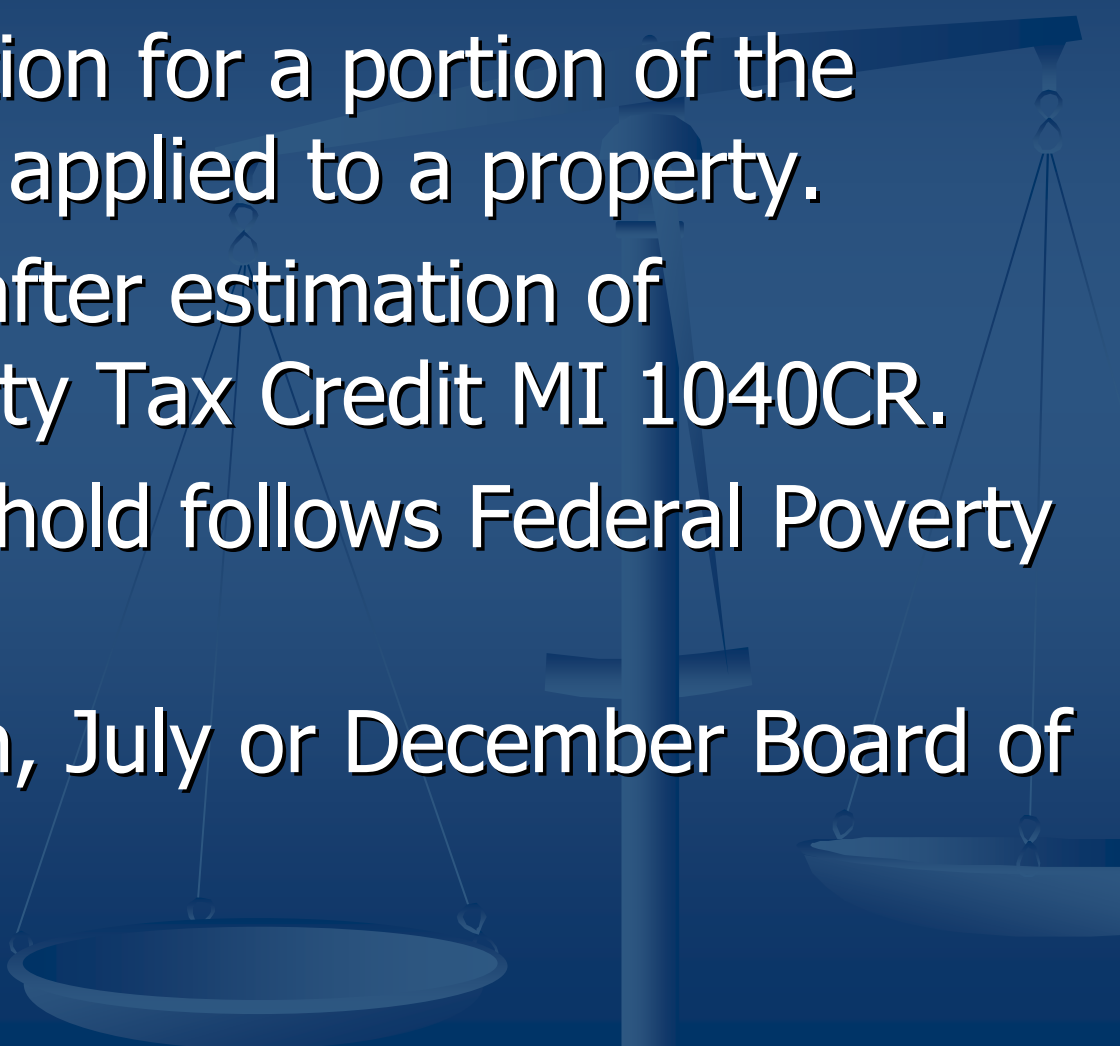
# Appeal Process cont.

- Residential appeals to the Tribunal must be made before July 31<sup>st</sup>.
- When appealing the assessed value bring in any and all evidence that supports your contention of value.
- Recommendation – talk to an appraiser before making appointment to the Board.
- Telephone 517-483-7624 for appraiser or appointment.
- Information can be found on website:
  - [www.lansingmi.gov](http://www.lansingmi.gov)

# Appeal Process cont.

- July and December Boards of Review. July BOR review meets Tuesday after 3<sup>rd</sup> Monday in July and December BOR meets Tuesday after the 2<sup>nd</sup> Monday in December.
  - Clerical Errors or mutual mistakes of fact.
  - Denial of PRE by Assessor or County Audit.
  - Granting of PRE exemption that was not on the assessment roll.
  - Poverty Exemptions.

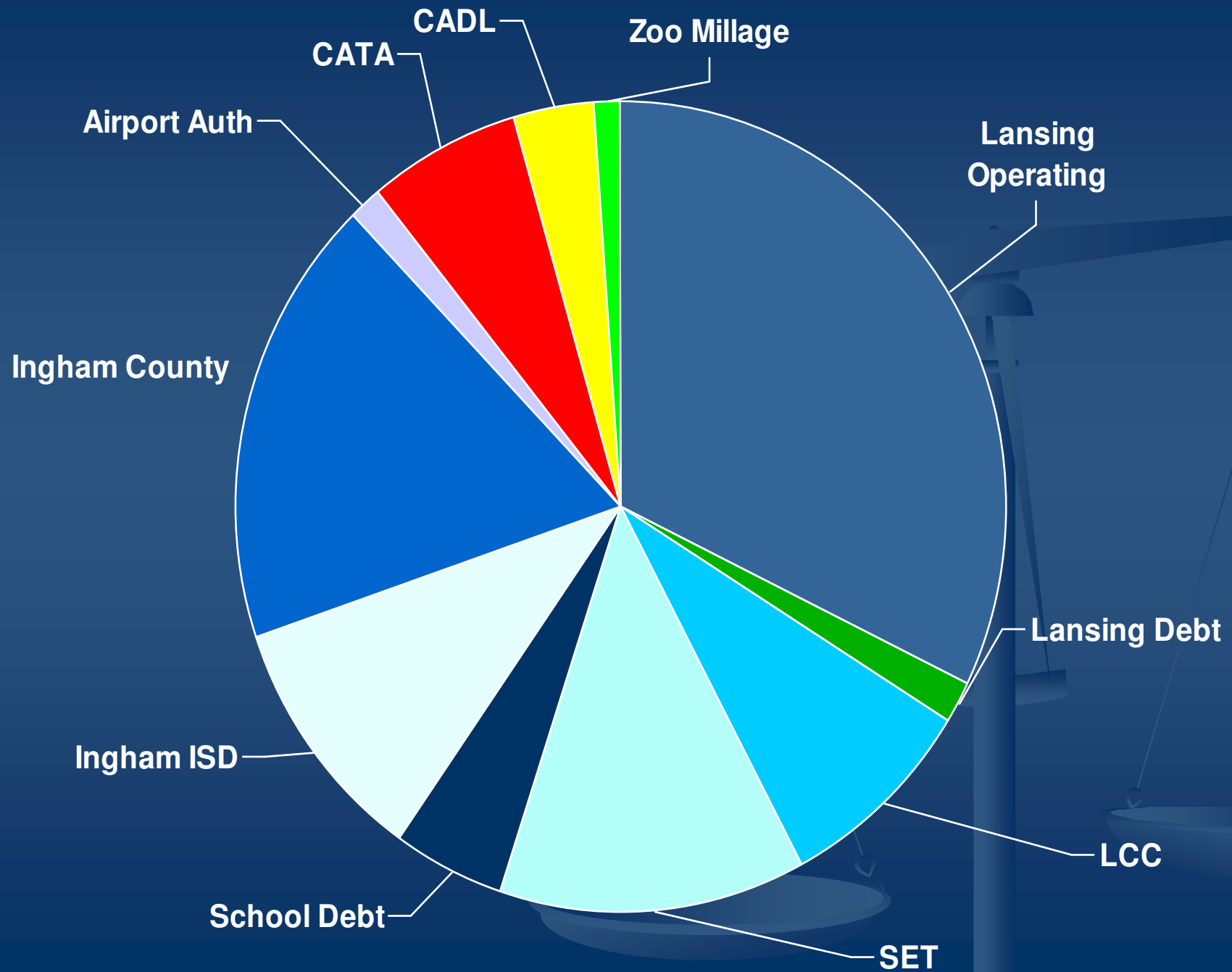
# Appeal Process cont.

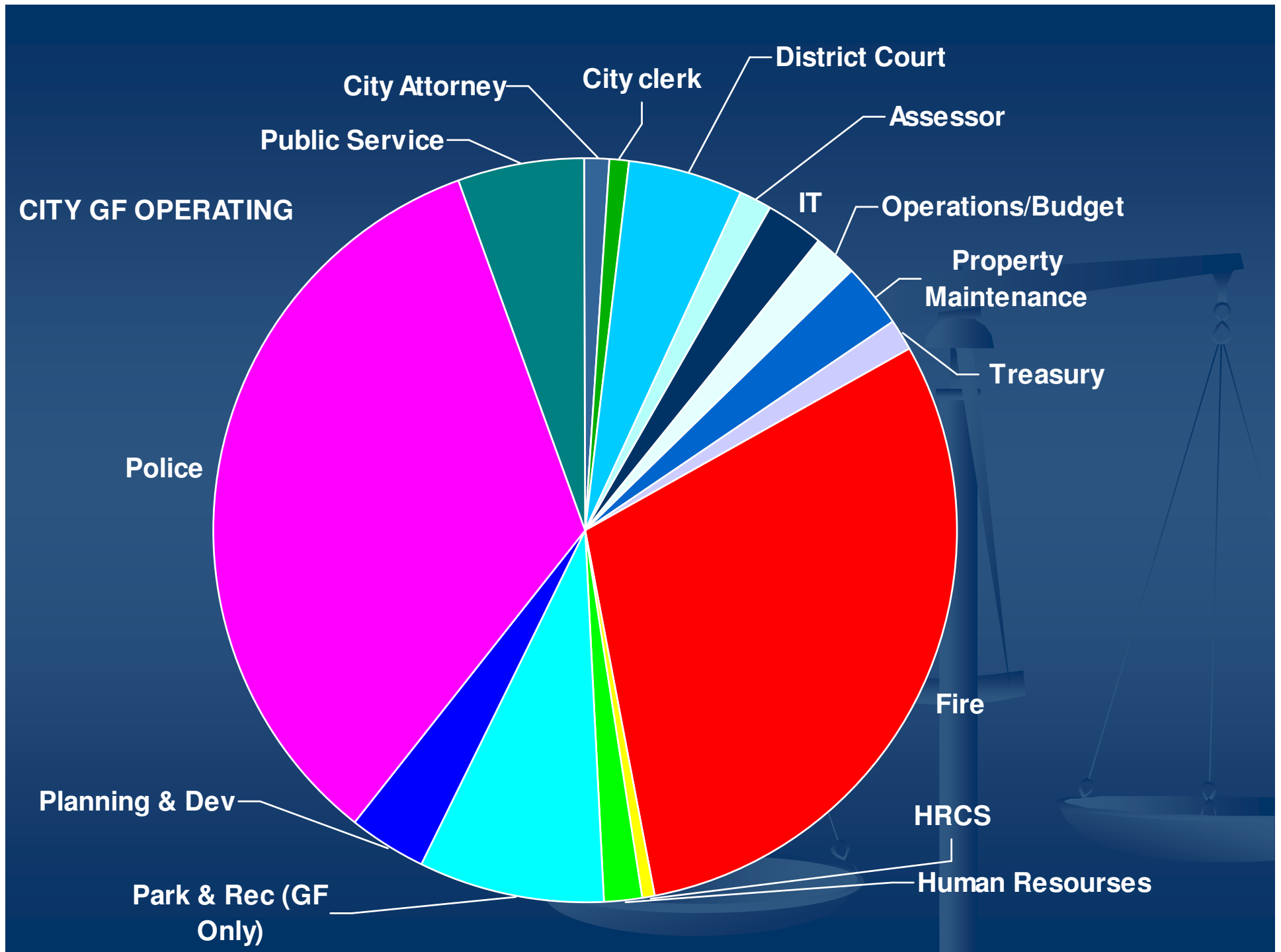
- Poverty Exemptions are:
    - one-year exemption for a portion of the property tax to be applied to a property.
    - Are determined after estimation of Homestead Property Tax Credit MI 1040CR.
    - Income of household follows Federal Poverty Guidelines.
    - Granted at March, July or December Board of Review.
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# Taxable Value and Taxes

- Taxable Value is the number used to calculate the July and December tax bills.
- Taxable Value x millage rate = Tax Bill
- 1 mill is equal to \$1 per \$1000 taxable value.
- On \$54,000 of taxable value a PRE property in Lansing School District will pay an estimated \$2,519.19 total taxes for the following tax levies:

## TAX LEVIES

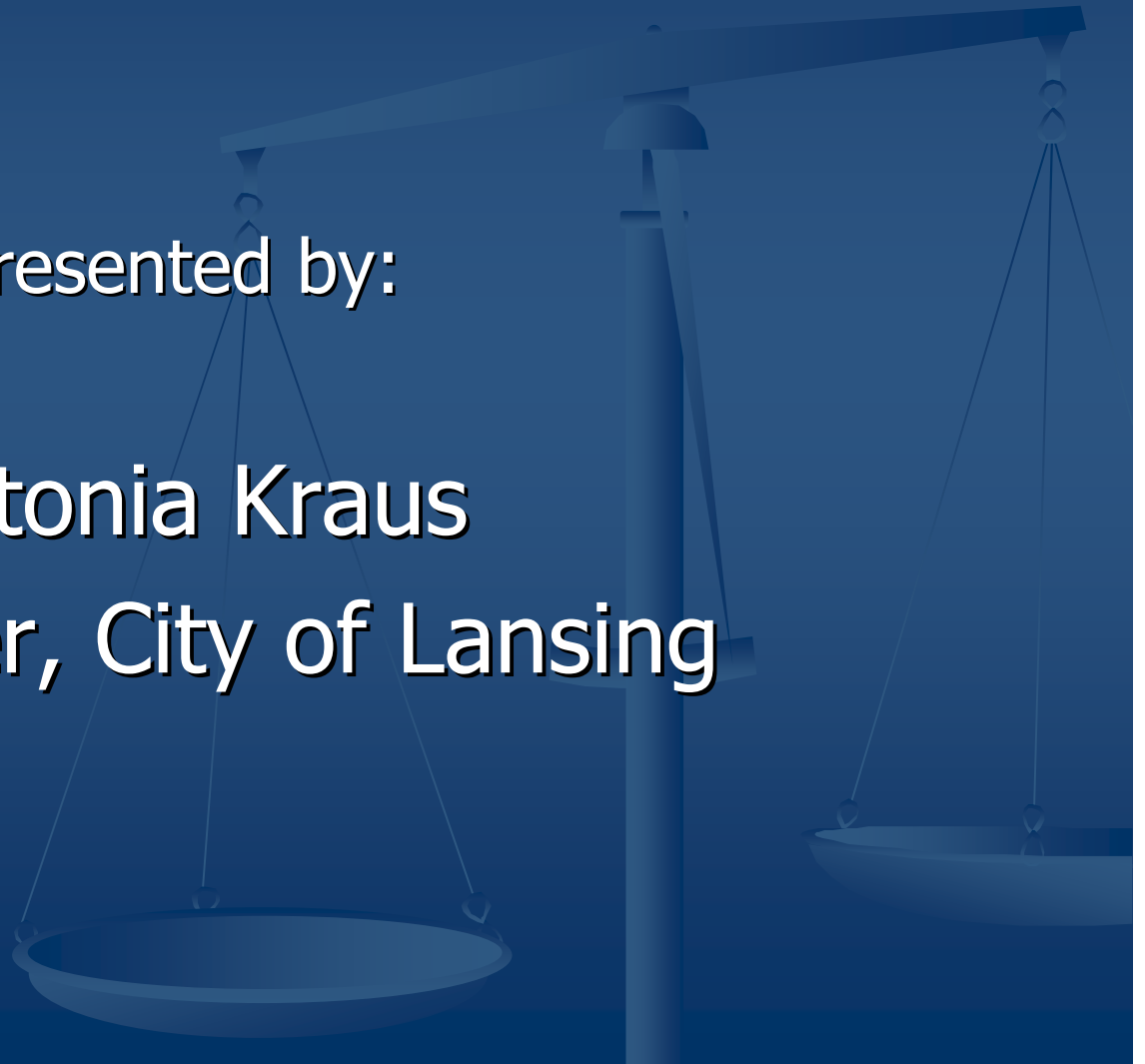




# PROPERTY TAXES

Presented by:

Antonia Kraus  
Treasurer, City of Lansing



# Property Taxes

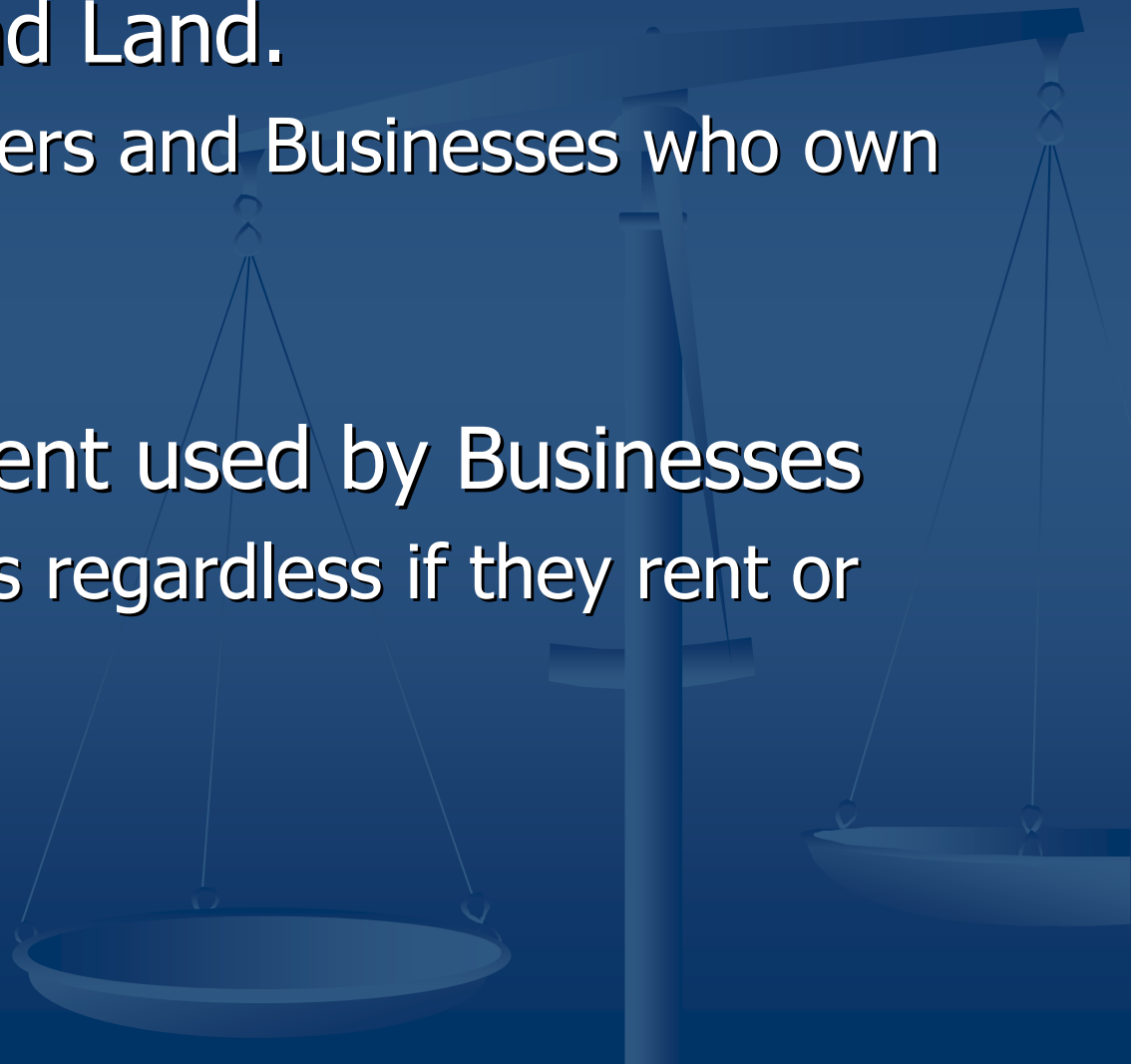
## Types of Taxes

Real: Buildings and Land.

- Paid by Homeowners and Businesses who own their buildings

Personal: Equipment used by Businesses

- Paid by Businesses regardless if they rent or own the building





# Property Taxes

## What does the Parcel Number Mean??

- Each tax bill has a parcel number assigned to it.
- The parcel number tells us the type of tax and what county the property is located in.
- Lansing has property in both Ingham and Eaton County

# Property Taxes

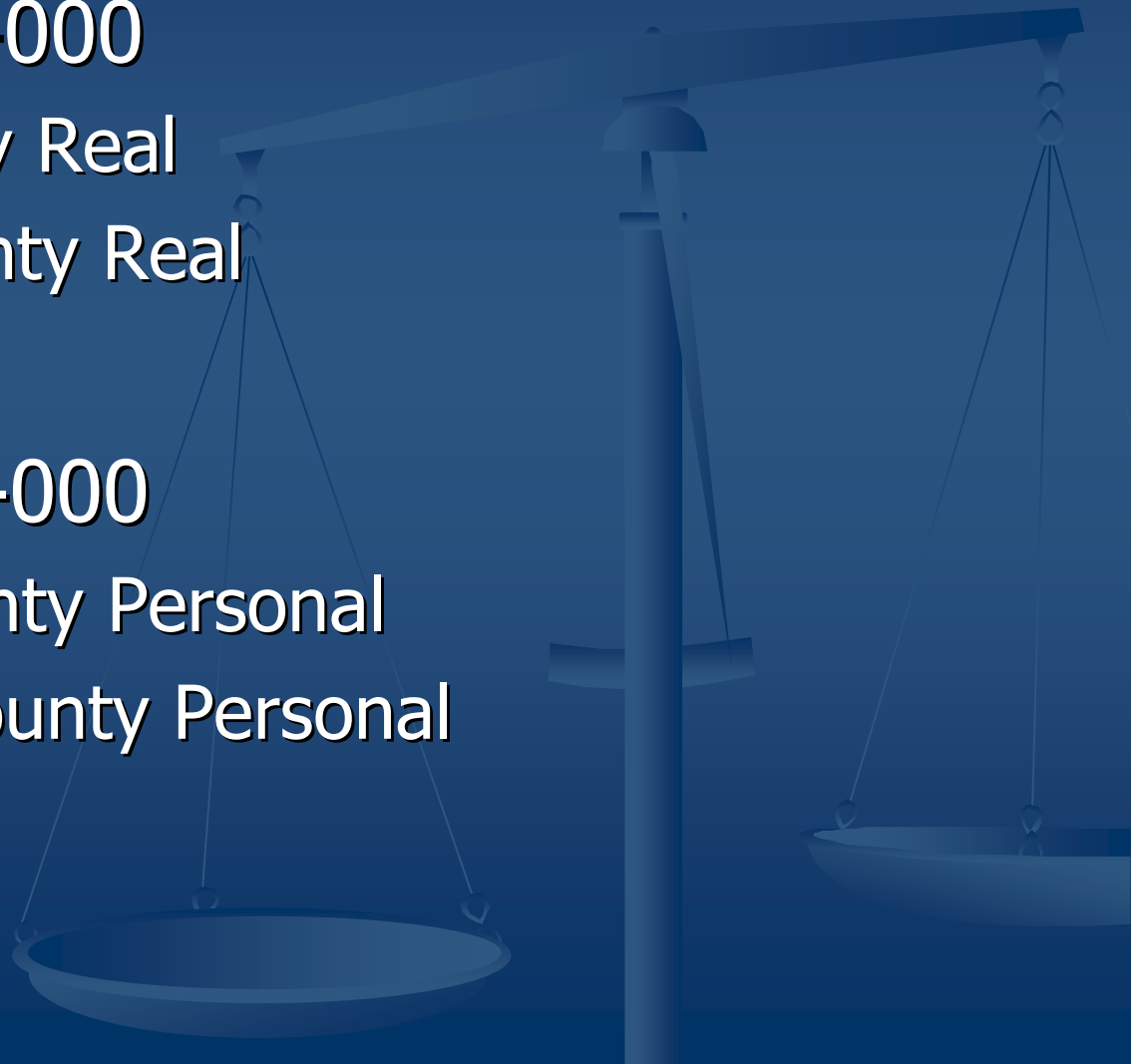
## What does the Parcel Number Mean cont

XX-00-00-00-000-000

- 23 – Eaton County Real
- 33 – Ingham County Real

XX-XX-00-00-000-000

- 90-23: Eaton County Personal
- 90-33: Ingham County Personal



# Property Taxes

## What does the Parcel Number Mean cont Special Parcel Numbers

XX-XX-00-00-000-000

- 91-33: Ingham County NEZ
- 94-33: Ingham County ORPA
- 95-33: Ingham County IFT
- 96-33: Land Bank Properties
- 97-33: Land Bank Properties

# Summer Property Taxes Time Lines

- Tax bills issued July 1<sup>st</sup>
- Taxes due August 31<sup>st</sup>
- Outstanding balances on September 1<sup>st</sup> receive a one time 3% penalty
- Outstanding balances as of November 1<sup>st</sup> are added to the Winter tax bill
- Summer Deferment

# Property Taxes

## Summer Deferment

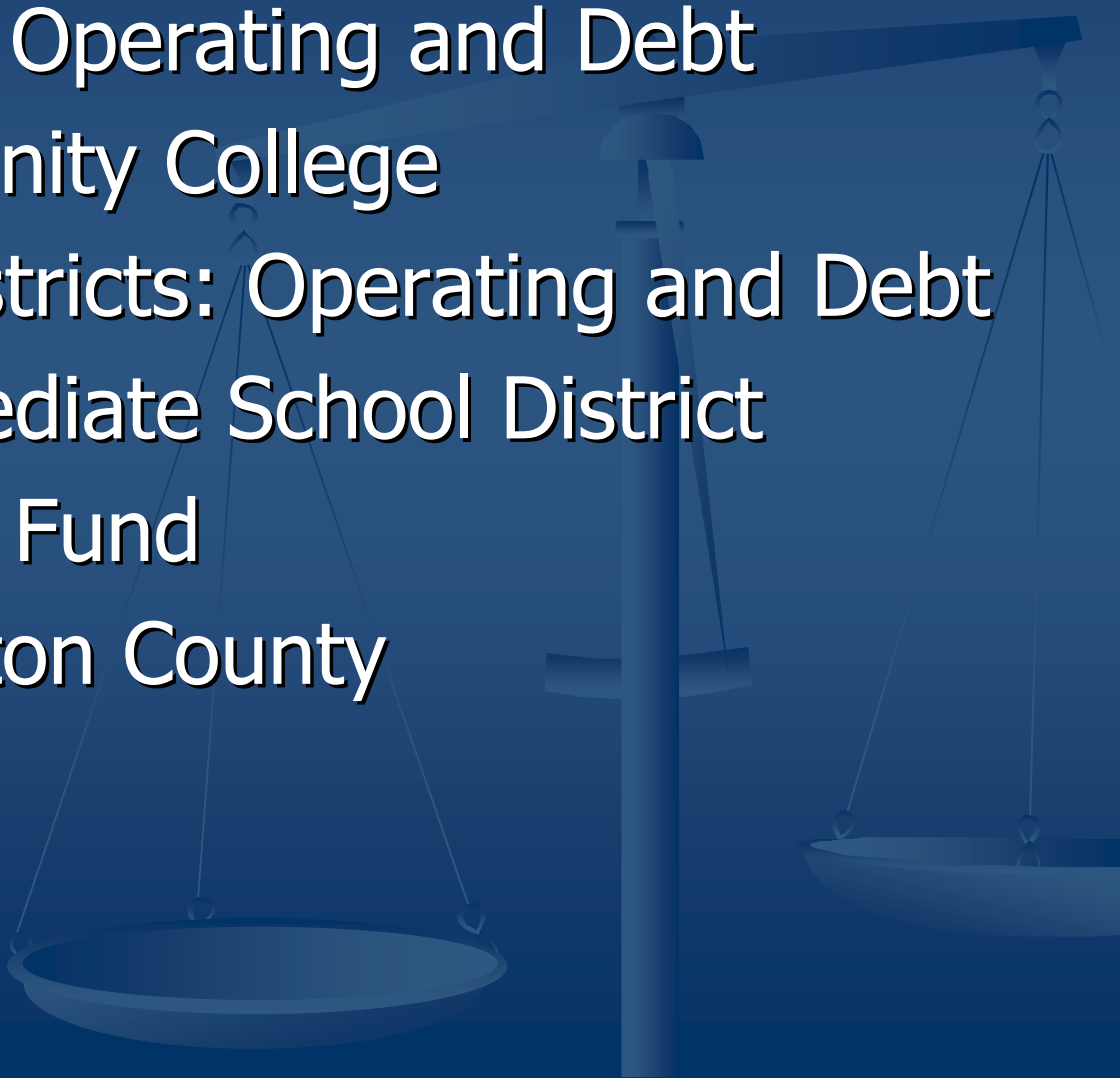
**Summer Deferment** allows those who qualify to pay Summer and Winter taxes by February 14. Outstanding balances will not be charged the 3% Summer Penalty on September 1st

- **Income less than \$40,000** and
- **Permanently Disabled** or
- **Eligible Serviceman, Veteran, Widow/Widower** or
- **Age 62 or Older**
- **More information:**

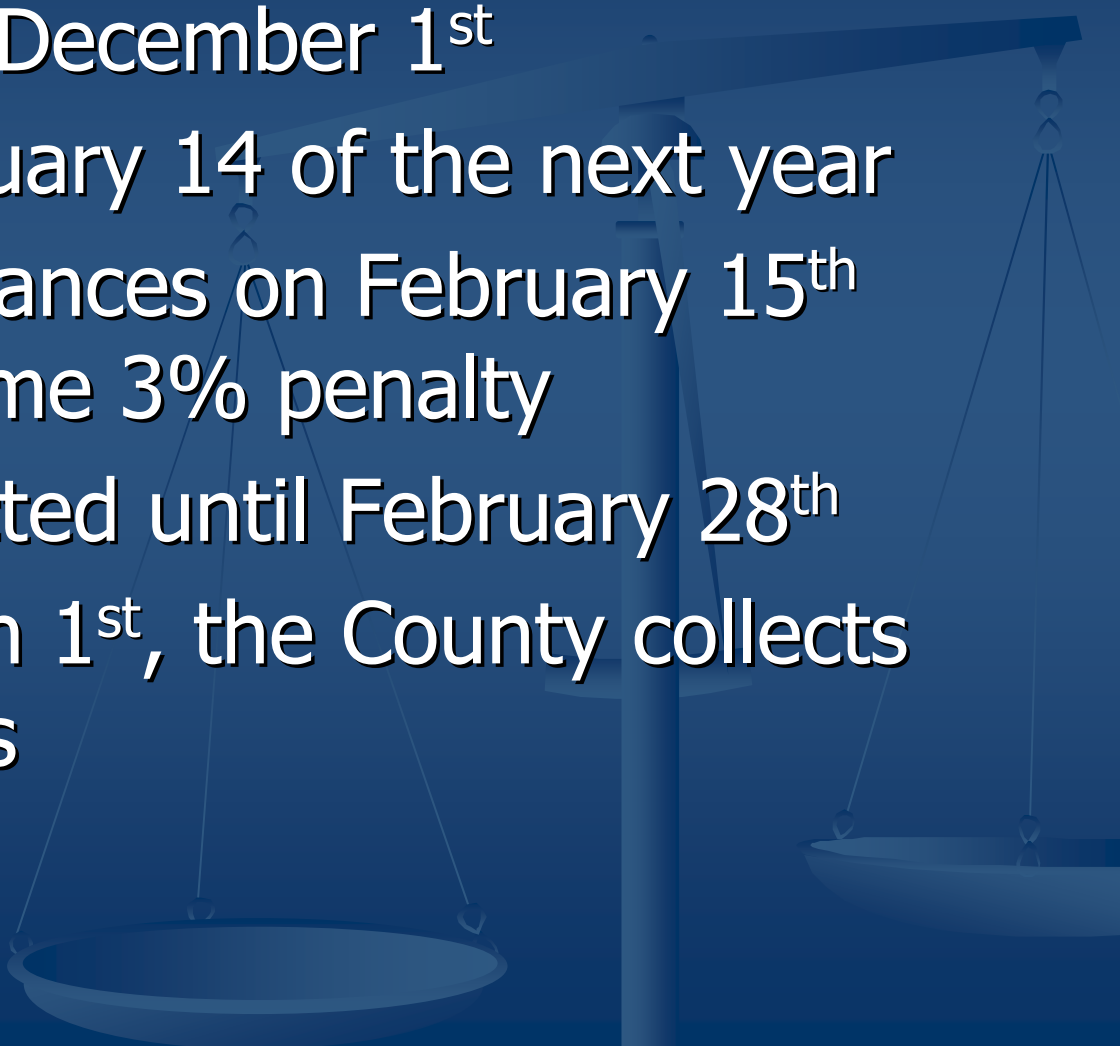
[http://www.michigan.gov/documents/homestead1\\_2541\\_7.pdf](http://www.michigan.gov/documents/homestead1_2541_7.pdf)

# Summer Property Taxes

## Who We Collect For

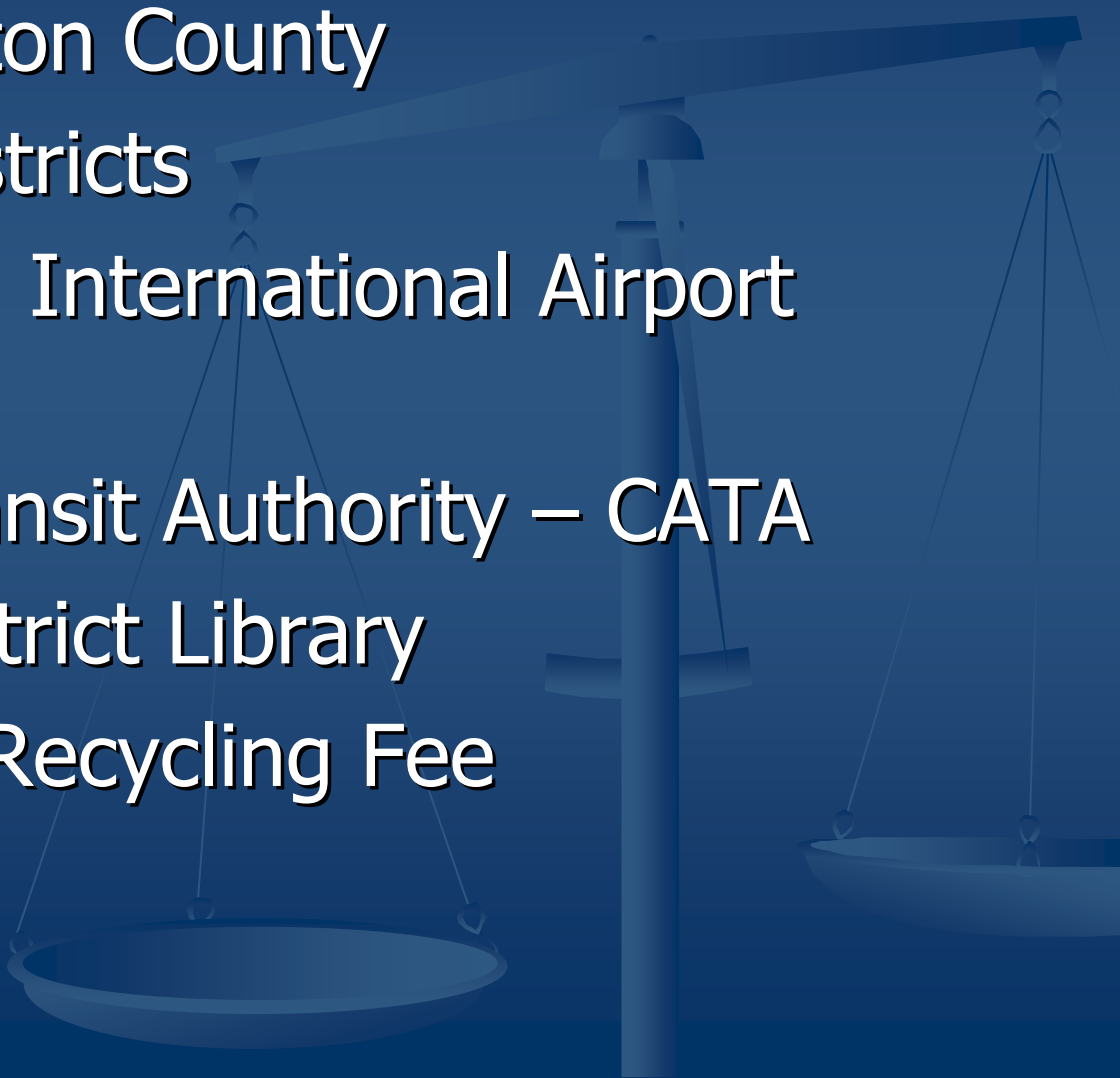
- City of Lansing: Operating and Debt
  - Lansing Community College
  - Local School Districts: Operating and Debt
  - Ingham Intermediate School District
  - State Education Fund
  - Ingham and Eaton County
- 

# Winter Property Taxes Time Lines

- Tax bills issued December 1<sup>st</sup>
  - Taxes due February 14 of the next year
  - Outstanding balances on February 15<sup>th</sup> receive a one time 3% penalty
  - Taxes are collected until February 28<sup>th</sup>
  - Beginning March 1<sup>st</sup>, the County collects delinquent taxes
- 

# Winter Property Taxes

## Who We Collect For

- Ingham and Eaton County
  - Local School Districts
  - Capital Regional International Airport Authority
  - Capital Area Transit Authority – CATA
  - Capital Area District Library
  - City of Lansing Recycling Fee
- 



# Property Taxes

## What Happens after March 1st

### **The Property Tax cycle ends on February**

**28th.** Depending on the type of tax either the County or the City will continue to collect outstanding amounts on March 1st.

- **Ingham County 517.676.7220**

Parcels that begin with 33-xx, 91-33, 96-33, 97-33

- **Eaton County 517.543.4262**

Parcels that begin with 23-xx

- **City of Lansing**

Parcels that begin with 90-xx, 94-xx, 95-xx

# Summer and Winter Property Taxes

## Where and How to Pay

### **Comerica Bank:**

- Checks, Cash, Money Orders
- July 1 – August 31
- December 1 – February 14

### **Mail to the PO Box listed on the tax bill**

- Checks, Money Orders
- July 1 – August 31
- December 1 – February 14

# Summer and Winter Property Taxes

## Where and How to Pay cont **Treasurer's Office inside City Hall**

- Cash, Checks, Money Orders
- July 1 – February 28

## **Drop Box outside City Hall on Capitol Avenue**

- Cash, Checks, Money Orders
- July 1 – February 28

## **Mail to Treasurer's Office**

- Checks, Money Orders
- July 1 – February 28
- We prefer taxes get mailed to the PO Box during the active PO Box times

# Summer and Winter Property Taxes

## Where and How to Pay cont

### **Internet**

- Credit Cards, Electronic Checks
- July 1 – October 31
- December 1 - February 28
- [www.lansingmi.gov](http://www.lansingmi.gov), click on I Want To Pay Property Taxes

### **Phone System**

- Credit Cards, Electronic Checks
- July 1 – October 31
- December 1 - February 28
- 1.800.272.9829, jurisdiction code 7037

# Property Taxes

## Where to Find Information

[www.lansingmi.gov](http://www.lansingmi.gov)

- Click on I Want to – Find - Property Information

### **Inquire regarding:**

- Current Tax
  - Taxes owed or paid
  - Taxable value and Assessed value
- Miscellaneous Receivable Invoices
- Special Assessments